

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

7/10/64 RRM

Gentlemen:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(4) of the Internal Revenue Code.

The information submitted indicated that you were formed [REDACTED], for the purpose of bringing together persons in the community with a mutual interest in the sports of hunting and fishing; to engage in these activities in a safe fashion, being qualified through the organization by [REDACTED] in hunter safety programs as well as marine safety.

In excess of [REDACTED] % of your membership has qualified and received certificates from [REDACTED] in the hunter safety program. You anticipate implementing the [REDACTED] Course for your boat fishermen, also sponsored by [REDACTED].

You contribute food baskets to needy families and assist charitable organizations in pursuing their goals in assisting those persons in the community need.

You anticipate establishing an awards fund to provide assistance to needy and deserving students. Bar-B-Q, donations, fish fries, and candy-selling fund-raising drives have been used as a means of sponsoring and supporting activities you are currently involved in and those you anticipate involving yourselves.

You do not have any class or classes of members. Membership is limited to [REDACTED] persons, and those persons are recommended by a member in good standing to the membership committee and approved by a majority of the membership.

Services rendered by the organization include preparing foods, candy, cakes and other items suitable for fund-raising-drive activities. The Bar-B-Ques, fish fries, etc., are open to the public whereby donations are received to enable the organization to carry on its work in conservation of wildlife as well as encouraging hunting and fishing safety.

You are purchasing a building and leasing property for hunting purposes. You purchase ammunition for your hunters, fuel and boats for your fishermen, and food for your dogs. You also pay transportation expenses for membership activities.

You are currently investigating hunting and marine liability insurance for your individual members as well as the organization.

Your facilities and services are primarily for your members, their families and invited guests. You provide [redacted] jackets and caps to your members, which attracts attention and conservation on the subject, thereby promoting hunting and fishing to the public. Your Wild Game Banquets, New Years Eve Banquets, and Fishing Expeditions are by way of invitation with each member having the opportunity to invite from 8 to 10 guests.

In [redacted] your total receipts amounted to \$[redacted] and your expenditures (amounting to \$[redacted]) used for disbursement to or for the benefit of members, including caps and jackets, refreshments, shotgun shells, Wild Game Banquet, and miscellaneous expenses including dog food and veterinary expenses for your dogs, transportation, etc. Needy families food baskets and awards amounted to \$[redacted].

For [redacted], your total receipts amounted to \$[redacted], and your expenditures totaled \$[redacted], which was used for the benefit of your members in a manner similar to those in [redacted], with the exception that there were no disbursements for needy food baskets or awards.

In your proposed budget for [redacted] you indicate an estimated revenue of \$[redacted], and estimated expenditures for the purpose of building and land, building repairs, furniture and fixtures, etc., in the amount of \$[redacted]. There was no anticipated funding for any civic or social welfare type expenditures.

In your proposed budget for [redacted], your estimated revenue totaled \$[redacted] and your estimated expenditures amounted to \$[redacted] for similar items as listed in your [redacted] proposed budget.

Section 501(c)(4) of the Internal Revenue Code provides exemption for:

"Civic Leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare..."

Section 1.501(c)(4)-1(a)(2)(i) of the Income Tax Regulations provides that:

"An organization is operated exclusively for the promotion of social welfare if it is primarily engaged in promoting in some way the common good and general welfare of the people of the community. An organization embraced within this section is one which is operated primarily for the purpose of bringing about civic betterment and social improvements."

"(a)(2)(i) An organization is operated exclusively for the promotion of social welfare if it is primarily engaged in promoting in some way the common good and general welfare of the people of the community. An organization embraced within this section is one which is operated primarily for the purpose of bringing about civic betterments and social improvements *** The promotion of social welfare does not include direct or indirect participation or intervention in political campaigns on behalf of or in opposition to any candidate for public office. Nor is an organization operated primarily for the promotion of social welfare if its primary activity is operating a social club for the benefit, pleasure, or recreation of its members, or is carrying on a business with the general public in a manner similar to organizations which are operated for profit.***"

Revenue Ruling 75-199, 1975-1 C.B. 160, states that a membership organization that is essentially a self-interest type of organization, whose income is used to provide direct benefits to members and any benefit to the community is minor and incidental, does not qualify for exemption under section 501(c)(4) of the Internal Revenue Code.

Revenue Ruling 66-199, 1966-1 C.B. 139, provides that the extent to which an organization engages in social activities for the benefit of its members is a factor in determining whether it is primarily engaged in social welfare activities.

Revenue Ruling 63-190, 1963-2 C.B. 212, states that a club for members that provides sick and death benefits for members and their beneficiaries does not qualify for exemption either as a civic league under 501(c)(4) or a social club under 501(c)(7) or a fraternal society under section 501(c)(8).

1.501(c)(4)-1(a)(2)(ii) of the regulations states that an organization will not qualify for exemption as a civic league under section 501(c)(4) of the Code if its primary activity is the operations of a social club.

Your limited membership of [REDACTED] persons that must be invited and approved by your membership committee is evidence that the general public is not allowed to enjoy and participate in most of your activities.

Your bar-b-ques, fish fries, candy and cake selling activities are open to the public; however, these activities appear to be in the form of fund-raising affairs to benefit the organization.

Your hunting and fishing programs, and the expenses associated with them appear to be limited only to your members, and the major portion of your income is used to finance these programs. Providing jackets and caps to your members is not considered as promoting hunting and fishing to the public. The insurance that you are considering for your members and your organization would also provide benefits and preclude recognition of exemption.

Based on the information presented, we have concluded that you do not meet the requirements for exemption as a social welfare organization or a civic league as described in section 501(c)(4) of the Internal Revenue Code, or any other subsection of the Code. As indicated by your application and organizational documents, your main intent and purpose is to benefit your members rather than the general public. Even though you may have some charitable and social welfare purposes, the amount expended to these purposes is minor in comparison to the amount expended for the benefit of your members. You do not meet the qualifications for tax-exempt status under section 501(c)(7) since your nonmember income from your fund raising activities exceeded 15% and inured to the benefit of your members.

Accordingly, it is held that you are not entitled to exemption from Federal income tax as an organization described in section 501(c)(4) or 501(c)(7) of the Code, and you are required to file income tax returns on Form 1120.

If you do not agree with these conclusions, you may, within 30 days from the date of this letter, file in duplicate a brief of the facts, law, and argument that clearly sets forth your position. If you desire an oral discussion of the issue, please indicate this in your protest. The enclosed Publication 892 gives instructions for filing a protest.

(5)

[REDACTED]

If you agree with these conclusions or do not wish to file a written protest, please sign and return Form 6018 in the enclosed self-addressed envelope as soon as possible.

Sincerely,

[REDACTED]
District Director

Enclosures:
Publication 892
Form 6018